BDPAC Water Supply Subcommittee

Discussion Document

February 24, 2003

Subject: Recommendations for a few of the "common assumptions" that will be used to define baseline conditions for the Water Storage Investigations:

1. Set the Existing Condition demarcation at January 1, 2003

2. Include the South Delta Improvements in the No-Action Condition

3. Include the operating objectives of the existing EWA – or its functional equivalent – in the No-Action Condition

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In response to a presentation on CALFED Common assumptions[1] at the BDPAC Water Supply Subcommittee meeting held on November 7, 2002, a question was raised as to the date that the CALFED Common Assumptions will use to differentiate between the baseline information used to define Existing Conditions and Future No Action Conditions. Because this date had not been determined at the time of this presentation, Steve Hall – subcommittee co-chair – requested that the Common Assumptions team confer with legal counsel and provide a recommendation at the next subcommittee meeting. The team agreed to arrange a meeting of the legal advisors from the respective State and Federal agencies leading the water storage investigation efforts to discuss the issue considering the comments offered by the subcommittee.

A meeting with agency legal staff was held on November 25, 2002 to discuss this topic. Follow-up conversations with agency staff resulted in further refinement of each recommendation discussed below.

The remainder of this document addresses the recommendations derived at that.

Issue: What date should be used to establish Existing Conditions and Future No-Action Conditions baseline assumptions?

Recommendation: January 1, 2003

Discussion:

Prudent establishment of an "existing condition" date for site-specific project investigations that tier from a programmatic EIR/EIS allows for updating the "existing conditions" used in the programmatic document to reasonably reflect changes that have occurred since establishing the existing conditions for the programmatic document. In the case of the CALFED Programmatic EIR/EIS, several changes

[1] The CALFED Common Assumptions is an effort to establish common baseline conditions from which the various water storage investigations can assess the feasibility of their projects.

have occurred including regulatory changes and implementation of a variety of CALFED supported activities.

Furthermore, the rule of thumb for choosing a date to reflect a more up-to-date set of existing conditions for a single site-specific project investigation generally results in choosing a date associated with the project's NOI and/or NOP. However, in this instance, multiple site-specific project evaluations are occurring simultaneously – some have already issued their NOI/NOP while others have not.

Finally, baseline conditions are important for purposes of assessing the feasibility of a project. Such assessment efforts generally involve analysis using one or more analytical tools – such as system-wide models – to produce comparative results. The inputs used in these analytical tools must represent the chosen "existing conditions". Since the various site-specific project evaluations have not embarked on formal feasibility assessments using the necessary analytical tools, choosing a demarcation date for existing conditions that represents the first project's NOI/NOP release date of November 2001 would potentially misrepresent existing conditions for projects that will be ready to begin analysis early in 2003. For projects that may not begin analysis until later – i.e. late 2003 or even 2004 – the existing conditions assumptions would likely need to be re-evaluated.

Therefore, the legal advisors recommend choosing a date that is a reasonable representation of existing conditions considering the varying status of the site-specific investigations. The January 1, 2003 date is recommended.

Critical elements of a January 1, 2003 Existing Conditions baseline are as follows:

a. CVPIA b(2) ruling – use the interim post-Wanger interpretation as currently represented in CALSIM II *Existing Condition Benchmark* study. Allow this representation to be modified if the anticipated re-interpretation from the Dept. of Interior is available prior to March 1, 2003.

b. Spring-run Chinook and Steelhead ESA listings – use the most recent biological opinions released in 2001.

c. Environmental Water Account – represented as the existing EWA actions as reflected in the CALSIM II *Existing Condition Benchmark* study.

d. Conservation and recycling – reduce estimates for potential future savings through conservation and new water from recycling contained in previous data sources to reflect savings already achieved and projects already implemented.

e. Ecosystem Restoration Program – represented as the modified hydrology and implemented projects as reflected in the CALSIM II *Existing Condition Benchmark* study.

Issue: Should the South Delta Improvements Project – including the increased Banks pumping to 8500 cfs – be included in the No Action (2030) Condition?

Recommendation: Yes

Discussion:

Required analysis and documentation for the South Delta Improvement Project are well underway and a public draft EIR is anticipated in September of 2003. This project is an essential element contained in the ROD. Significant funding for implementation of the project has already been allocated under Prop 13. At this time, implementation of a South Delta Improvements project seems reasonably foreseeable by 2030. If this expectation changes during the EIR process, this assumption will be revisited.

Issue: Should the operating objectives of the Environmental Water Account (EWA) be included in the No Action Condition?

Recommendation: Yes, the operating objectives of EWA, as structured in its current form (from 2002), will be included

Discussion:

The EWA "interim" project is included in the existing condition (see Background that follows). Though the ROD states that the EWA will expire on September 30, 2004, it provides for the continuation of the intent of the EWA, at the agreement of the 5 signatory agencies. The ROD recognizes the need for pumping flexibility to aid in achieving environmental and Delta export objectives. As such, keeping the EWA – or its functional equivalent – in the No-Action condition seems prudent.

Furthermore, by including the EWA in the No-Action, the continuation of public funding for a public benefit is shown. If a storage project alternative were structured to provide benefits similar to the EWA, then there would likely be more acceptability that public funds directed to EWA benefits under the No-Action could be redirected to the project for the same benefit.

Finally, the rigid criteria typically established to define the inclusion of projects in a No-Action condition – i.e. permitted and funded or reasonably foreseeable – are generally designed to keep projects that do not exist from being included in the future condition. The EWA already exists.

However, the converse to this thinking is that the EWA was envisioned to be a short-term program and was to be eliminated or phased out as the environmental conditions improved and as other CALFED programs developed, such as the ERP (ecosystem restoration program). Under this scenario, the EWA or functional equivalent would not exist in 2030 and therefore should not be included in the Future No-Action condition baseline.

CALFED and the implementing agencies will continue to discuss the merits of either approach and likely reach a policy decision by February.

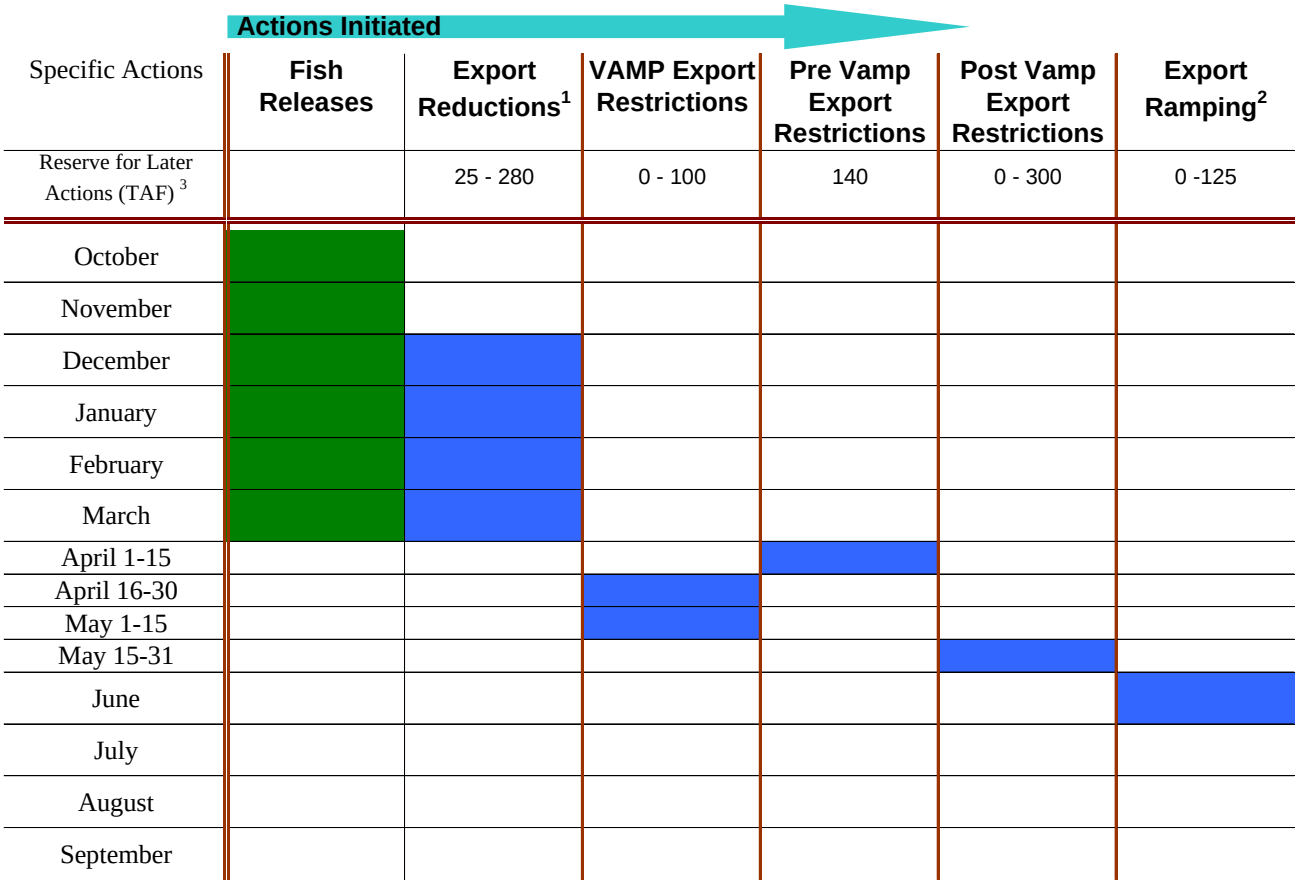
Background:

EWA is a cooperative management program whose purpose is to provide protection to the fish of the Bay-Delta estuary through environmentally beneficial changes in the operations of the State Water

Project (SWP) and federal Central Valley Project (CVP), at no uncompensated water cost to the projects' water users.

- EWA provides for fishery protection actions – as graphically represented in Figure 1 – that are supplemental to a baseline level of protection established by the following regulatory programs:
  1. 1993 Winter Run Biological Opinion (NMFS)
  2. 1995 Delta Water Quality Control Plan (SWRCB)
  3. 1995 Delta Smelt Biological Opinion (USFWS)
  4. CVPIA (b)(2)
- EWA acquires alternative sources of project water termed "assets." EWA assets consist of water acquisitions, dedicated export facility capacity, storage capacity, portions of upstream releases, and demand-shifting.
- EWA assets are used to augment streamflows, Delta outflows, modify Delta exports, and to replace the regular project water supply interrupted by the changes to project operations.

Figure 1 – EWA Priority Actions



[1] 4,000 cfs for 1 week per month (2 weeks per month in wet years)

[2] 500 cfs increase at Banks dedicated to EWA; increases max diversion to 7,180 cfs

[3] These values are anticipated targets and EWA operations attempts to "hold in reserve" enough water to meet this objective